

## CHAPTER 5. CHILD CARE PRICES

### Market Prices, Percentiles, and Subsidy Rates

#### *Background*

The biennial child care surveys provide information on the prices charged for child care in Washington State. Many factors influence the prices that providers charge, including:

- Child's age (for example, providers usually charge more for infants than for toddlers or preschool-age children);
- Type of facility (centers tend to charge more than licensed family homes);
- Length of time in care (providers generally charge less per hour for children in full-time care than for those in part-time care); and
- Geographic location (providers in metropolitan areas tend to charge more than providers in rural areas).

Federal regulations require Washington State to conduct a child care market survey at least every two years so that “reasonably current market conditions” can inform the setting of state subsidy rates. The federal government also requires that the state subsidy rate be sufficient to ensure families using subsidies have equal access to the child care market as families that are paying the private rate.

Prior to federal welfare reform in 1997, all states were required to use the market rate survey to set rates so that parents using subsidies had access to 75 percent of child care slots in their community. The federal government regards equal access as assured if the subsidy rate is at least equal to the rate for 75 percent of the available slots. In 1997, as part of welfare reform, the federal government removed the requirement that the state pay a rate equal to or better than 75 percent of the market rate. Since 1997 the subsidy payment rate in Washington has varied depending on available monies.

When subsidy rates were last changed in January 2002, the following principles were used:

- Different subsidy rates were set for four age groups, two types of providers, and six geographic areas of the state.
- Rate-setting aimed to provide access to a fixed proportion of the child care market for all families seeking to use subsidized child care regardless of where they lived in the state, the age of their child, or their choice of provider.
- Budget constraints determined how much access subsidy rates could provide. In 2002, child care rates were set to give access to 58 percent of all slots across the state.
- The proposed DSHS Regional subsidy rates were evaluated to make sure that adequate access was provided to families in every county in the state. In four counties, center providers charged prices high enough above the proposed DSHS Regional rates that the rates for those counties were adjusted.

*Percentiles According to the 2004 Survey*

The term “percentile” is used in this report to refer to the price at which a specified percentage (5, 10, 25, 50, etc.) of children receive care from providers charging at or below the given price. By setting rates at a fixed percentile, Washington State attempts to provide equal access to families across the state to subsidized child care. Tables 28 and 29 display the percentiles for each age category in the six DSHS Regions. The tables also present the DSHS rates in effect at the time of the survey.

It is easiest to explain percentiles by using an example. The prices charged for infants in centers in Region 1 are presented in the top left corner of Table 28. The survey found that 10 percent of infants in centers went to providers charging \$500 or less per month for full-time care. Thus, the 10<sup>th</sup> percentile for infants in center care in Region 1 was \$500. Since the 25<sup>th</sup> percentile was \$554, the DSHS subsidy rate of \$535 was high enough to cover the price charged for between 10 and 25 percent of all infants in centers in Region 1 at the time of the survey. The row labeled “Percent At or Below DSHS Rates” indicates the percent of all infants in care that went to providers that did not charge more than the DSHS Regional rate. At the time of the 2004 survey, 20 percent of infants in center care in Region 1 went to providers with infant rates equal to or less than the DSHS subsidy rate.

Although DSHS rates were set in January 2002 at the 58<sup>th</sup> percentile (using the 2000 survey), they are no longer high enough to cover the prices charged 58 percent of children in center care. Overall, DSHS child care subsidy rates are equal to or greater than that charged for approximately 25 percent of all children in center care and 31 percent of all private pay children in family homes. The row labeled “Percent At or Below DSHS Rates (Adjusted)” will be explained later in this chapter. In addition, the last section of Chapter 6 discusses the amount of access that families using subsidized care have to the licensed child care market.

**Table 28. Monthly Full-Time<sup>(1)</sup> Prices in Child Care Centers, 2004**

<b>Infant: Under 12 Months Old</b>							
Percentile <sup>(2)</sup>	Region-1	Region-2	Region-3	Region-4	Region-5	Region-6	
10th	\$ 500	\$ 540	\$ 693	\$ 821	\$ 600	\$ 563	
25th	\$ 554	\$ 548	\$ 725	\$ 888	\$ 643	\$ 600	
50th	\$ 620	\$ 572	\$ 850	\$ 1,000	\$ 700	\$ 675	
75th	\$ 700	\$ 629	\$ 933	\$ 1,150	\$ 780	\$ 816	
90th	\$ 754	\$ 731	\$ 980	\$ 1,235	\$ 856	\$ 962	
<b>Rates at Time of 2004 Survey<sup>(3)</sup></b>	<b>\$ 535</b>	<b>\$ 540</b>	<b>\$ 715</b>	<b>\$ 832</b>	<b>\$ 610</b>	<b>\$ 600</b>	
Percent At or Below DSHS Rates <sup>(4)</sup>	(20%)	(18%)	(20%)	(15%)	(15%)	(33%)	(19%)
<b>Percent At or Below DSHS Rates (Adj)<sup>(5)</sup></b>	<b>21%</b>	<b>32%</b>	<b>20%</b>	<b>15%</b>	<b>15%</b>	<b>36%</b>	<b>20%</b>
<b>Toddler: 12 to 29 Months Old</b>							
Percentile <sup>(2)</sup>	Region-1	Region-2	Region-3	Region-4	Region-5	Region-6	
10th	\$ 440	\$ 441	\$ 580	\$ 675	\$ 484	\$ 480	
25th	\$ 480	\$ 475	\$ 609	\$ 734	\$ 530	\$ 515	
50th	\$ 540	\$ 506	\$ 710	\$ 817	\$ 598	\$ 580	
75th	\$ 595	\$ 585	\$ 768	\$ 937	\$ 660	\$ 722	
90th	\$ 668	\$ 648	\$ 848	\$ 1,060	\$ 765	\$ 803	
<b>Rates at Time of 2004 Survey<sup>(3)</sup></b>	<b>\$ 450</b>	<b>\$ 451</b>	<b>\$ 596</b>	<b>\$ 695</b>	<b>\$ 525</b>	<b>\$ 515</b>	
Percent At or Below DSHS Rates <sup>(4)</sup>	(14%)	(18%)	(16%)	(16%)	(23%)	(28%)	(19%)
<b>Percent At or Below DSHS Rates (Adj)<sup>(5)</sup></b>	<b>15%</b>	<b>26%</b>	<b>16%</b>	<b>16%</b>	<b>23%</b>	<b>31%</b>	<b>20%</b>
<b>Preschooler: 30 to 59 Months Old</b>							
Percentile <sup>(2)</sup>	Region-1	Region-2	Region-3	Region-4	Region-5	Region-6	
10th	\$ 420	\$ 409	\$ 510	\$ 585	\$ 450	\$ 432	
25th	\$ 450	\$ 425	\$ 550	\$ 636	\$ 484	\$ 460	
50th	\$ 488	\$ 458	\$ 625	\$ 695	\$ 540	\$ 525	
75th	\$ 550	\$ 508	\$ 670	\$ 770	\$ 598	\$ 609	
90th	\$ 600	\$ 594	\$ 693	\$ 890	\$ 641	\$ 650	
<b>Rates at Time of 2004 Survey<sup>(3)</sup></b>	<b>\$ 425</b>	<b>\$ 418</b>	<b>\$ 515</b>	<b>\$ 583</b>	<b>\$ 462</b>	<b>\$ 450</b>	
Percent At or Below DSHS Rates <sup>(4)</sup>	(13%)	(20%)	(12%)	(10%)	(17%)	(20%)	(14%)
<b>Percent At or Below DSHS Rates (Adj)<sup>(5)</sup></b>	<b>15%</b>	<b>28%</b>	<b>12%</b>	<b>10%</b>	<b>17%</b>	<b>24%</b>	<b>15%</b>
<b>School-age: Five Years and Older</b>							
Percentile <sup>(2)</sup>	Region-1	Region-2	Region-3	Region-4	Region-5	Region-6	
10th	\$ 290	\$ 320	\$ 309	\$ 350	\$ 301	\$ 329	
25th	\$ 343	\$ 370	\$ 371	\$ 400	\$ 350	\$ 419	
50th	\$ 385	\$ 400	\$ 465	\$ 540	\$ 425	\$ 475	
75th	\$ 451	\$ 484	\$ 572	\$ 649	\$ 486	\$ 574	
90th	\$ 520	\$ 512	\$ 659	\$ 776	\$ 554	\$ 649	
<b>Rates at Time of 2004 Survey<sup>(3)</sup></b>	<b>\$ 400</b>	<b>\$ 370</b>	<b>\$ 500</b>	<b>\$ 525</b>	<b>\$ 410</b>	<b>\$ 440</b>	
Percent At or Below DSHS Rates <sup>(4)</sup>	(63%)	(26%)	(59%)	(50%)	(47%)	(39%)	(51%)
<b>Percent At or Below DSHS Rates (Adj)<sup>(5)</sup></b>	<b>63%</b>	<b>41%</b>	<b>59%</b>	<b>50%</b>	<b>47%</b>	<b>46%</b>	<b>53%</b>
<b>Percent At or Below DSHS Rates for Centers, with Adjustments: 25%</b>							

(1) Full-time prices are for twenty-five or more hours per week. For daily prices, divide by 22. Centers with 85 percent or more of their children subsidized by DSHS are excluded.

(2) Percentile: the price at which the specified percentage of children receive care from providers charging at or below the shown price for that age category and Region.

(3) DSHS Regional Rates in effect at the time of the spring 2004 survey.

(4) The percent of children going to providers charging at or below the DSHS Regional Rates (without adjustments).

(5) The percent of children going to providers charging at or below the DSHS Rates at time of 2004 Survey including the adjustment of rates for four counties. The budget proviso giving a rate adjustment to providers in the urban area of Spokane was not yet in effect at the time of the 2004 survey.

Source: DSHS Division of Child Care and Early Learning  
2004 Survey of Child Care Centers

**Table 29. Monthly Full-Time<sup>(1)</sup> Prices for Private Pay Children in Licensed Homes, 2004**

<b>Infant: Under 12 Months Old</b>						
Percentile <sup>(2)</sup>	Region-1	Region-2	Region-3	Region-4	Region-5	Region-6
10th	\$ 363	\$ 374	\$ 550	\$ 660	\$ 440	\$ 440
25th	\$ 440	\$ 396	\$ 616	\$ 682	\$ 506	\$ 484
50th	\$ 462	\$ 440	\$ 660	\$ 726	\$ 550	\$ 550
75th	\$ 550	\$ 528	\$ 770	\$ 819	\$ 660	\$ 660
90th	\$ 713	\$ 550	\$ 825	\$ 990	\$ 660	\$ 715
<b>Rates at Time of 2004 Survey<sup>(3)</sup></b>	<b>\$ 440</b>	<b>\$ 440</b>	<b>\$ 638</b>	<b>\$ 660</b>	<b>\$ 484</b>	<b>\$ 484</b>
<b>Percent At or Below DSHS Rates<sup>(4)</sup></b>	<b>38%</b>	<b>54%</b>	<b>39%</b>	<b>21%</b>	<b>25%</b>	<b>26%</b>
						<b>32%</b>
<b>Toddler: 12 to 29 Months Old</b>						
Percentile <sup>(2)</sup>	Region-1	Region-2	Region-3	Region-4	Region-5	Region-6
10th	\$ 352	\$ 374	\$ 440	\$ 550	\$ 440	\$ 440
25th	\$ 396	\$ 418	\$ 550	\$ 660	\$ 484	\$ 471
50th	\$ 440	\$ 418	\$ 612	\$ 704	\$ 550	\$ 528
75th	\$ 484	\$ 484	\$ 660	\$ 836	\$ 594	\$ 550
90th	\$ 550	\$ 550	\$ 770	\$ 908	\$ 660	\$ 660
<b>Rates at Time of 2004 Survey<sup>(3)</sup></b>	<b>\$ 396</b>	<b>\$ 418</b>	<b>\$ 550</b>	<b>\$ 653</b>	<b>\$ 440</b>	<b>\$ 440</b>
<b>Percent At or Below DSHS Rates<sup>(4)</sup></b>	<b>29%</b>	<b>51%</b>	<b>40%</b>	<b>24%</b>	<b>20%</b>	<b>22%</b>
						<b>30%</b>
<b>Preschooler: 30 to 59 Months Old</b>						
Percentile <sup>(2)</sup>	Region-1	Region-2	Region-3	Region-4	Region-5	Region-6
10th	\$ 330	\$ 352	\$ 440	\$ 528	\$ 413	\$ 385
25th	\$ 396	\$ 374	\$ 493	\$ 550	\$ 440	\$ 440
50th	\$ 413	\$ 396	\$ 550	\$ 660	\$ 528	\$ 484
75th	\$ 440	\$ 440	\$ 572	\$ 743	\$ 572	\$ 550
90th	\$ 550	\$ 528	\$ 660	\$ 880	\$ 660	\$ 655
<b>Rates at Time of 2004 Survey<sup>(3)</sup></b>	<b>\$ 396</b>	<b>\$ 374</b>	<b>\$ 484</b>	<b>\$ 550</b>	<b>\$ 418</b>	<b>\$ 440</b>
<b>Percent At or Below DSHS Rates<sup>(4)</sup></b>	<b>47%</b>	<b>32%</b>	<b>25%</b>	<b>29%</b>	<b>12%</b>	<b>40%</b>
						<b>30%</b>
<b>School-age: Five Years and Older</b>						
Percentile <sup>(2)</sup>	Region-1	Region-2	Region-3	Region-4	Region-5	Region-6
10th	\$ 220	\$ 275	\$ 317	\$ 383	\$ 330	\$ 299
25th	\$ 352	\$ 396	\$ 440	\$ 484	\$ 396	\$ 333
50th	\$ 396	\$ 396	\$ 484	\$ 550	\$ 440	\$ 440
75th	\$ 440	\$ 440	\$ 550	\$ 550	\$ 528	\$ 484
90th	\$ 462	\$ 462	\$ 550	\$ 688	\$ 572	\$ 550
<b>Rates at Time of 2004 Survey<sup>(3)</sup></b>	<b>\$ 352</b>	<b>\$ 374</b>	<b>\$ 440</b>	<b>\$ 528</b>	<b>\$ 374</b>	<b>\$ 418</b>
<b>Percent At or Below DSHS Rates<sup>(4)</sup></b>	<b>33%</b>	<b>20%</b>	<b>50%</b>	<b>38%</b>	<b>17%</b>	<b>46%</b>
						<b>38%</b>
<b>Percent At or Below DSHS Rates for Homes: 31%</b>						

(1) Full-time prices are for thirty or more hours per week. For daily prices, divide by 22. Only prices for private pay children are included in this table.

(2) Percentile: the price at which the specified percentage of children receive care from providers charging at or below the shown price for that age category and Region.

(3) DSHS Rates at Time of Survey: DSHS rates that went into effect January 2002 and were in effect at the time of the 2004 Child Care Survey. They are based on the 58<sup>th</sup> percentile of the 2000 Survey of Child Care Centers, with no decreases from previous rates.

(4) No counties qualified for Rate Adjustment. The budget proviso giving a rate adjustment to providers in the urban area of Spokane was not yet in effect at the time of the 2004 survey.

Source: DSHS Division of Child Care and Early Learning  
2004 Survey of Family Home Providers

### *County Adjustments*

Subsidy rates are set for four age groups (infants, toddlers, preschoolers, and school-age children) and two types of providers (centers and licensed family homes) in each of six DSHS Regions. The use of a uniform percentile across the state is designed to ensure that parents throughout the state will have equal access to providers regardless of where they live, the ages of their children, and the type of care that they choose to use.

Prior to December 1995, DSHS developed rate clusters using the child care survey data. Counties were placed into clusters based on the amount that they charged for child care. Those rate clusters proved to be unstable, needing re-definition with each survey. The six DSHS Administrative Regions, therefore, were selected as the geographical basis for setting child care rates. The DSHS Regions are stable, well recognized, and permit reasonable estimates of local market prices.

Some DSHS Regions cover large geographical areas. In the latest round of rate-setting in January 2002, the percent of slots that the DSHS rate would provide access to was examined for each county in the state. Center and home providers were evaluated separately. Any county where the DSHS rate was inadequate to provide access to half the slots in at least three of the four age categories was identified as needing rate adjustment. Four counties—Benton, Clark, Walla Walla and Whitman—met that criterion for centers. Maximum reimbursement rates for centers in Benton, Walla Walla and Whitman Counties were adjusted to the DSHS rates for Region 6; maximum rates for centers in Clark County were adjusted to Region 3 rates. No counties met that criterion for family home providers.

### *Access with Adjustments*

Table 28 presents two rows, “Percent At or Below DSHS Rates” and “Percent At or Below DSHS Rates (Adj)”. The row entitled “Percent At or Below DSHS Rates (Adj)” estimates the percent of children going to providers who charge at or below the DSHS rate taking into account the higher rates given to the four counties with adjusted rates.

For example, the DSHS rate for Region 1 is \$535 per month for infants in center care. Twenty percent of infants in centers in Region 1 go to providers whose rate is \$535 or less (“Percent At or Below DSHS Rates”). When you consider that the maximum DSHS rate for infants in centers in Whitman County was adjusted to \$600, the adjusted DSHS rate covers 21 percent of center infants in Region 1 (“Percent At or Below DSHS Rates (Adj)”).

Based on the 2004 market rate survey, DSHS rates are estimated to be at or greater than that charged 25 percent of full-time children in centers. Only centers with at least 15 percent private pay children were included in this estimate.

No counties were identified as needing adjustment for family home providers. The “Percent At or Below DSHS Rates Homes”, at 31 percent, is an estimate of the proportion of non-DSHS subsidized full-time children that attend providers that do not charge more than the DSHS rate.

*Additional Notes*

Washington State calculates market rates based on the private pay sector of the child care market. Center providers were asked for their unsubsidized rates, and centers with 85 percent or more of their children subsidized by DSHS are excluded from rate calculations. For family homes, information was collected on each individual child in care and only prices charged full-time private-pay children are included in the calculation of the market rate.

There was a slight change in the definition of full-time used in the 2004 survey. Previously, centers were asked to only count children in care for thirty or more as full-time; in the 2004 survey centers were also allowed to include children in attendance for 25 to 29 hours per week in their count of full-time children. This change was made in the center survey to make our definition of full-time consistent with the definition of full-time care used for subsidy payments.

The 2004 legislature passed a budget proviso that dedicated funds for a provider rate adjustment for the urban area of Region 1. As of July 2004, DSHS rates were increased by 2.7 percent for a period of one year from July 2004 through June 2005 for both center and family home providers in Spokane County. This budget proviso was not yet in effect at the time of the survey.

**Comparison with Price Information from Other Sources**

Over the years, there have been concerns about how well the DSHS provider survey captures information on the prices that providers charge for child care. In 2000, the legislature requested that the Office of Financial Management study child care rates and prepare a report for the legislature. The report concluded that the DSHS survey accurately captures market prices for child care.

Washington State's Child Care Resource and Referral Network (R&R) maintains a database with information on the prices charged by child care providers. The R&R is required to update their database at least once a year with new provider data, but many providers provide information more frequently as they change their prices. The R&R recently prepared information based on their database as of June 2004, close to the time of the DSHS provider survey. There are some differences with the way that the R&R's collect and analyze their information, but we thought it would be useful to present some of their data and compare it to the DSHS survey estimates. It must be remembered that the purpose of the R&R's database is to provide families with information on the rates that providers charge and it is not intended to be used for setting subsidy rates.

The major difference between DSHS and R&R estimates is that DSHS focuses on the prices that children (and their families) are charged for care, whereas the R&R looks at prices charged by providers. The DSHS center survey collects information on both the number of full-time children served in an age category and the price charged for that age group. From family home providers, the DSHS survey asks about each individual child in care: number of hours in care, amount charged, and whether or not the child is subsidized

by DSHS. DSHS price estimates exclude providers not serving any children in a given age category. More importantly, in the DSHS calculations, the prices charged by centers or homes serving large numbers of children will weigh in more heavily than those of providers only serving a few children. In the R&R's calculations, large and small providers are given equal weight so long as the providers are willing to provide care for the given age category. The other important difference is that DSHS attempts to estimate private-pay prices by excluding centers serving primarily DSHS-subsidized children and by excluding DSHS-subsidized children in licensed family homes.

Understanding these differences, we can compare DSHS and R&R estimates of median prices for child care. For this comparison, the R&R prepared information from their database by Region. Looking at the information in Tables 30 and 31, we see that the DSHS estimates of median prices are consistently higher than those made using the R&R database for all categories except for toddlers in family homes in Region 2. The only category where DSHS and R&R rates are close for all age groups (within 5 percent) is centers in Region 4. Rather than depressing rates, the methodology used by DSHS to estimate percentiles yields higher estimates than those using the R&R's database. Again, the two main methodological differences—focusing on the private pay market use and weighting by number of children served—likely explain most of the difference between the estimates made using these two data sources.

**Table 30. Estimates of Median Prices (50<sup>th</sup> Percentile) in Centers in 2004  
DSHS Survey and Resource and Referral Database**

	Infant	Toddler	Preschool
<b>Region 1</b> DSHS Rate	(\$535)	(\$450)	(\$425)
Median, DSHS Survey	\$620	\$540	\$488
Median, R&R Database	\$563	\$498	\$459
<b>Region 2</b> DSHS Rate	(\$540)	(\$451)	(\$418)
Median, DSHS Survey	\$572	\$506	\$458
Median, R&R Database	\$542	\$464	\$425
<b>Region 3</b> DSHS Rate	(\$715)	(\$596)	(\$515)
Median, DSHS Survey	\$850	\$710	\$625
Median, R&R Database	\$780	\$650	\$585
<b>Region 4</b> DSHS Rate	(\$832)	(\$695)	(\$583)
Median, DSHS Survey	\$1,000	\$817	\$695
Median, R&R Database	\$988	\$810	\$683
<b>Region 5</b> DSHS Rate	(\$610)	(\$525)	(\$462)
Median, DSHS Survey	\$700	\$598	\$540
Median, R&R Database	\$659	\$569	\$529
<b>Region 6</b> DSHS Rate	(\$600)	(\$515)	(\$450)
Median, DSHS Survey	\$675	\$580	\$525
Median, R&R Database	\$640	\$550	\$504

Sources: DSHS Division of Child Care and Early Learning  
2004 Survey of Child Care Centers  
and data provided by Washington State's Child Care Resource and Referral Network

**Table 31. Estimates of Median Prices (50<sup>th</sup> Percentile) in Family Homes in 2004  
DSHS Survey and Resource and Referral Database**

	Infant	Toddler	Preschool
<b>Region 1</b> DSHS Rate	(\$440)	(\$396)	(\$396)
Median, DSHS Survey	\$462	\$440	\$413
Median, R&R Database	\$433	\$399	\$390
<b>Region 2</b> DSHS Rate	(\$440)	(\$418)	(\$374)
Median, DSHS Survey	\$440	<b>\$418</b>	\$396
Median, R&R Database	\$433	<b>\$433</b>	\$368
<b>Region 3</b> DSHS Rate	(\$638)	(\$550)	(\$484)
Median, DSHS Survey	\$660	\$612	\$550
Median, R&R Database	\$650	\$542	\$542
<b>Region 4</b> DSHS Rate	(\$660)	(\$653)	(\$550)
Median, DSHS Survey	\$726	\$704	\$660
Median, R&R Database	\$696	\$693	\$587
<b>Region 5</b> DSHS Rate	(\$484)	(\$440)	(\$418)
Median, DSHS Survey	\$550	\$550	\$528
Median, R&R Database	\$542	\$542	\$477
<b>Region 6</b> DSHS Rate	(\$484)	(\$440)	(\$440)
Median, DSHS Survey	\$550	\$528	\$484
Median, R&R Database	\$542	\$520	\$451

**Note:** Entries in **bold** when the estimate for the median using the DSHS rate survey is lower than the median rate in the June 2004 Resource and Referral database.

Sources: DSHS Division of Child Care and Early Learning  
2004 Survey of Family Homes  
and data provided by Washington State's Child Care Resource and Referral Network

## Child Care Price Increases

This section examines how the price of child care has changed over the fourteen years from 1990 to 2004. Only children in full-time care are included, and the comparison assumes that the mix of ages of children has remained stable over time.

Figure 37 shows the monthly average prices for full-time care for children of all ages in child care centers and licensed family homes as estimated from the 1990 through 2004 child care surveys. From 1990 to 2004, the statewide average monthly price paid for full-time care in child care centers increased 110 percent from \$298 to \$626. For full-time care in family homes the average monthly price increased 89 percent from \$270 to \$510.

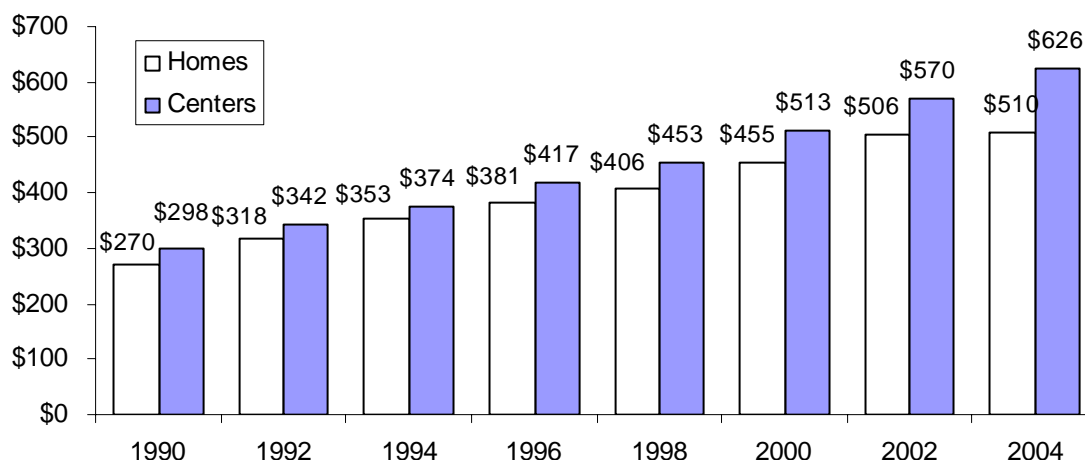
About half of this price increase is due to inflation and does not represent a "real" increase in the cost of child care. While the price of child care centers increased 110 percent from 1990 to 2004, inflation as measured by the US Consumer Price Index rose 44 percent during that same time period. Figure 38 shows average prices for full-time licensed child care from 1990 to 2004 after adjusting for inflation. Over the period 1990 to 2004, the



inflation-adjusted cost of care increased 46 percent in centers and 34 percent in homes. That amounts to an annual rise in the price of care—after adjusting for inflation—of 2.8 percent in centers and 2.1 percent in homes.

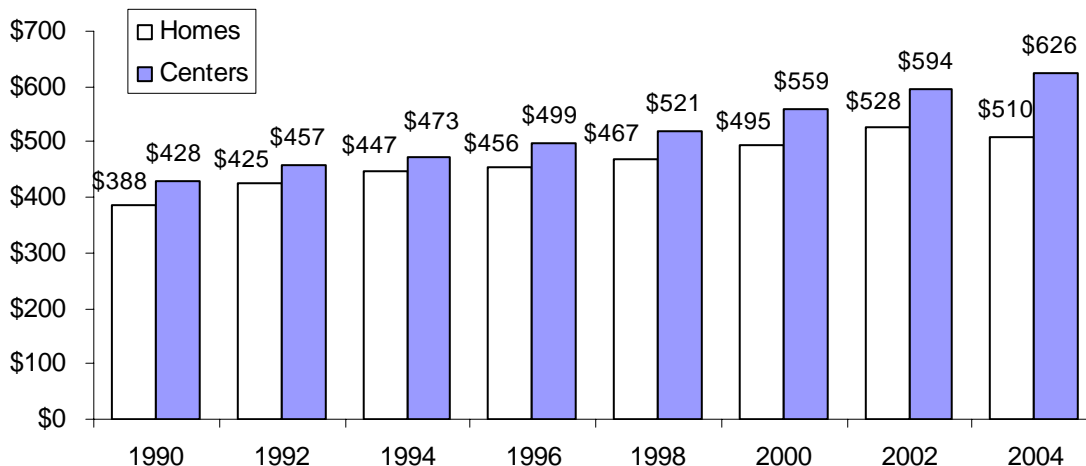
In the two years 2002 to 2004, the non inflation-adjusted price of full-time care went up ten percent in centers (from \$570 to \$626) and remained stable in family homes. After accounting for inflation, that amounts to an annual increase of 2.7 percent in the price of care in centers and a decline of 0.9 percent in homes.

**Figure 37. Average Monthly Prices for All Children in Full-Time Licensed Child Care: 1990-2004, Not Adjusted for Inflation**



Source: DSHS Division of Child Care and Early Learning  
1990, 1992, 1994, 1996, 1998, 2000, 2002 and 2004 Surveys of Child Care Centers and Family Homes

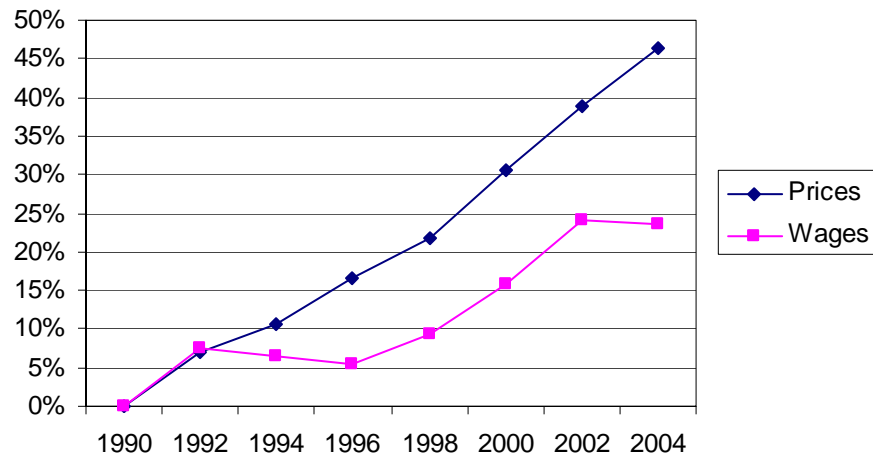
**Figure 38. Average Monthly Prices for All Children in Full-Time Licensed Child Care: 1990-2004, Adjusted for Inflation**



Source: DSHS Division of Child Care and Early Learning  
1990, 1992, 1994, 1996, 1998, 2000, 2002 and 2004 Surveys of Child Care Centers and Family Homes

Figure 39 displays the percentage increase in full-time prices and teachers' wages from 1990 to 2004. Average child care prices charged by centers have increased 46 percent since 1990, adjusted for inflation. During the same period, the average real wages for teachers in centers increased by 24 percent. Although wages and associated taxes and benefits constitute a major portion of center costs, the rise in teachers' wages in those fourteen years has been much less than the rise in child care prices. For the years 1996 to 2002, wages tracked closely with the rise in child care prices in centers. From 2002 to 2004, child care prices continued to rise faster than inflation, but teacher wages failed (just barely) to keep pace with inflation.

**Figure 39. Percent Increase in Center Child Care Prices and Teachers' Wages, 1990 to 2004  
(Adjusted for Inflation, with 1990 as Base Year)**



Source: DSHS Division of Child Care and Early Learning  
1990, 1992, 1994, 1996, 1998, 2000, 2002 and 2004 Surveys of Child Care Centers